

## Message Text

CONFIDENTIAL

PAGE 01 STATE 169683

17S

ORIGIN ARA-10

INFO OCT-01 ISO-00 SS-15 EB-07 INR-07 L-03 JUSE-00 TRSE-00

SEC-01 /044 R

DRAFTED BY ARA/CAR:JETHYDEN:L/ARA:MKOZAK

APPROVED BY ARA:WHLUERS

L:MFELDMAN

IRS:JMCOWAN

JUSTICE:CNAMORATO

SEC:BCRAFT

ARA/CAR:TJCHEAVNER

----- 067778

R 082343Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY NASSAU

C O N F I D E N T I A L STATE 169683

E.O11652: GDS

TAGS: CFED, EFIN, BF

SUBJECT: SEC INVESTIGATION OF ICD

REF: A) NASSAU 890 ; B) NASSAU 917; C) STATE 149301

1. FOLLOWING CONSULTATIONS WITH JUSTICE, IRS AND SEC, ALL OF WHOM CONCUR IN THIS MESSAGE, IT APPEARS THAT PRESS ALLEGATIONS AGAINST PRIME MINISTER PINDLING HAVE NOT BEEN SUBSTANTIATED (ALTHOUGH THEY HAVE NOT BEEN CONCLUSIVELY PROVEN TO BE FALSE EITHER). ALTHOUGH IT STILL APPEARS THAT THERE WAS INTENT, AND PERHAPS ATTEMPT, TO MAKE PAYMENT FROM ICD FUNDS, THERE IS PRESENTLY NO EVIDENCE THAT ANY MONEY WAS RECEIVED BY PINDLING OR ANYONE REPRESENTING HIM. THERE IS EVIDENCE OF POSSIBLE SECURITIES AND EXCHANGE AND TAX VIOLATIONS BY ICD, AND THOSE INVESTIGATIONS CONTINUE.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 169683

2. WE HAVE FOUND NO INDICATION THAT ANY U.S. AGENCY OR

OFFICIAL WAS SOURCE OF NEWSPAPER ALLEGATIONS AGAINST PINDLING. YOU MAY INFORM GCOB THAT FACT OF GRAND JURY INVESTIGATION OF ICD IS WELL KNOWN, AND WITNESSES ARE NEITHER SWORN TO SECRECY REGARDING THEIR TESTIMONY NOR PROHIBITED FROM MAKING PUBLIC STATEMENTS. WITNESSES LEAVING HEARINGS ARE COMMONLY MET AND QUESTIONED BY PHALANX OF REPORTERS. ONE CELEBRITY HELD PRESS CONFERENCE FOLLOWING HIS APPEARANCE.

3. FOLLOWING IS REVISED TEXT OF NOTE IN REPLY TO GCOB NOTE OF JUNE 3:

(COMPLIMENTARY OPENING)...AND HAS THE HONOR TO REFER TO MINEXTAFF NOTE NO. 140 DATED JUNE 3, 197., CONCERNING PUBLICITY WHICH HAS BEEN GIVEN TO AN , "UIRY BY THE SEC INVOLVING THE FINANCIAL AFFAIRS OF INTER-CONTINENTAL DIVERSIFIED CORP.

AS THE MINISTRY IS AWARE, ICD FILED A REPORT WITH THE SEC EARLIER THIS YEAR WHICH, AMONG OTHER THINGS, STATED "THAT THE COMPANY HAS MADE POLITICAL CONTRIBUTIONS WITHIN THE BAHAMAS DURING THE PAST FIVE YEARS. POLITICAL CONTRIBUTIONS ARE PERMITTED UNDER BAHAMIAN LAW, HAVE BEEN INCLUDED IN THE COMPANY'S FINANCIAL STATEMENT AS A CHARGE AGAINST INCOME AND DID NOT RESULT IN ANY INCOME TAX DEDUCTIONS FOR THE YEARS INVOLVED. NO POLITICAL CONTRIBUTIONS WERE MADE IN ANY OTHER COUNTRIES." THIS STATEMENT BECAME A MATTER OF PUBLIC RECORD ON MARCH 30, 1976.

THE SEC IS CONDUCTING AN INVESTIGATION CONCERNING ICD'S COMPLIANCE WITH ITS OBLIGATIONS UNDER U.S. LAW TO DISCLOSE MATERIAL CORPORATE FACTS AND FINANCIAL DATA TO ITS STOCKHOLDERS AND THE INVESTING PUBLIC. AS THE MINISTRY NOTES, THIS INVESTIGATION HAS BEEN THE SUBJECT OF RECENT PRESS REPORTS. THOSE REPORTS ALSO CONTAINED ALLEGATIONS CONCERNING THE PRIME MINISTER OF THE BAHAMAS.

IN RESPONSE TO THE MINISTRY'S NOTE, THE APPROPRIATE AGENCIES OF THE USG HAVE LOOKED INTO THE PRESS REPORTS  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 169683

IN QUESTION. WHILE THE AUTHORS OF NEWSPAPER ARTICLES CANNOT UNDER U.S. LAW BE COMPELLED TO NAME THEIR SOURCES, THE VARIOUS U.S. LAW ENFORCEMENT AGENCIES INVOLVED HAVE INVESTIGATED THE MATTER AND INFORMED THE DEPARTMENT OF STATE THAT TO THE BEST OF THEIR KNOWLEDGE AND BELIEF NO OFFICER OR EMPLOYEE OF THE UNITED STATES GOVERNMENT WAS RESPONSIBLE FOR THE ALLEGATIONS CONTAINED IN THE STORY. MOREOVER, THESE AGENCIES HAVE INFORMED US THAT IN THE

COURSE OF THEIR RESPECTIVE INVESTIGATIONS CONCERNING ICD THEY HAVE TO DATE RECEIVED NO EVIDENCE WHICH WOULD CONFIRM THE PRESS ALLEGATIONS THAT THE PRIME MINISTER OF THE BAHAMAS RECEIVED PAYMENTS FROM THAT COMPANY.

THE EMBASSY SHARES THE CONCERN OF THE GCOB OVER ANY MATTER WHICH COULD ADVERSELY AFFECT THE EXCELLENT RELATIONS EXISTING BETWEEN OUR TWO COUNTRIES. IN THIS REGARD, THE EMBASSY WILL CONTINUE TO DO ITS UTMOST TO KEEP THE MINEXTAFF INFORMED OF THE RESULTS OF ANY INVESTIGATION WHICH MIGHT INVOLVE THE ICD. COMPLIMENTARY CLOSE.

4. AMBASSADOR IS REQUESTED TO DELIVER NOTE PERSONALLY IF POSSIBLE, AS INDICATION OF SERIOUSNESS WITH WHICH WE VIEW THIS MATTER. IN DISCUSSION WITH MINEXTAFF, AMBASSADOR SHOULD REGISTER USG CONCERN THAT ICD AND FIRM'S ACCOUNTANTS, PRICE WATERHOUSE AND CO., HAVE REPORTEDLY COME UNDER PRESSURE FROM GCOB NOT TO COOPERATE IN SEC INVESTIGATION. YOU SHOULD INFORM GCOB ORALLY THAT ST. GEORGE, CHAIRMAN OF BOARD OF ICD, WHO HAS BEEN SUBPOENAED, HAS REFUSED TO TESTIFY, STATING THAT HE IS PROHIBITED FROM DOING SO BY GCOB. PRICE WATERHOUSE REPORTS SIMILAR PRESSURE THROUGH ICD. IF THESE STATEMENTS ARE CORRECT, THIS IS BOUND TO INHIBIT SEC'S INVESTIGATION, THEREBY DELAYING FULL DISCLOSURE OF FACTS, WHICH DISCLOSURE WOULD SEEM TO BE IN THE INTERESTS OF BOTH GOVERNMENTS. KISSINGER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** FINANCIAL CONTRIBUTIONS, STOCKS (SECURITIES), INVESTIGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 JUL 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976STATE169683  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** JETHYDEN:L/ARA:MKOZAK  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D760265-0208  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760777/aaaacpz.k.tel  
**Line Count:** 143  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 NASSAU 890, 76 NASSAU 917, 76 STATE 149301  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** GolinoFR  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 12 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <12 JUL 2004 by saccheem>; APPROVED <13 JUL 2004 by GolinoFR>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SEC INVESTIGATION OF ICD  
**TAGS:** CFED, EFIN, BF, SEC, ICD, (PINDLING, LYNDEN O)  
**To:** NASSAU  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006